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SENATE BILL 6714

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State of Washington

59th Legislature

2006 Regular Session

By Senators Brown, Fairley, Eide, Keiser, McAuliffe, Franklin and Kohl-Welles

Read first time 01/19/2006. Referred to Committee on International Trade & Economic Development.

1 AN ACT Relating to microenterprise development; adding new sections  
2 to chapter 43.330 RCW; and creating a new section.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** (1) The legislature finds that:

5 (a) Microenterprises are an important portion of Washington's  
6 economy, providing approximately twenty percent of the employment in  
7 Washington and playing a vital role in job creation.

8 (b) While community-based microenterprise development organizations  
9 have expanded their assistance to their microentrepreneur customers in  
10 recent years, there remains a lack of access to capital, training, and  
11 technical assistance for low-income microentrepreneurs.

12 (c) Support for microenterprise development offers a means to  
13 expand business and job creation in low-income communities in both  
14 rural and urban areas of the state.

15 (d) Local and state charitable foundation support, federal program  
16 funding, and private sector support can be leveraged by a statewide  
17 program for development of microenterprises.

18 (2) It is the purpose of this act to assist microenterprises in job  
19 creation by increasing the training, technical assistance, and

1 financial resources available to microenterprises. It is the intention  
2 of the legislature to carry out this purpose by enabling the department  
3 of community, trade, and economic development to contract with a  
4 statewide microenterprise association with the potential to provide  
5 organizational support and administer grants to local microenterprise  
6 development organizations, subject to the requirements of this act, and  
7 to leverage additional funds from sources other than moneys  
8 appropriated from the general fund.

9 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.330 RCW  
10 to read as follows:

11 The definitions in this section apply throughout sections 1 through  
12 3 of this act unless the context clearly requires otherwise.

13 (1) "Financial institution" means a bank, trust company, mutual  
14 savings bank, savings and loan association, or credit union authorized  
15 to do business in this state under state or federal law.

16 (2) "Microenterprise development organization" means a community  
17 development corporation, a nonprofit development organization, a  
18 nonprofit social services organization or other locally operated  
19 nonprofit entity that provides services to low-income entrepreneurs.

20 (3) "Statewide microenterprise association" means a nonprofit  
21 entity with microenterprise development organizations as members that  
22 serves as an intermediary between the department of community, trade,  
23 and economic development and local microenterprise development  
24 organizations.

25 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.330 RCW  
26 to read as follows:

27 The microenterprise development program is established in the  
28 department of community, trade, and economic development. In  
29 implementing the program, the department:

30 (1) Shall provide organizational support to a statewide  
31 microenterprise association and shall contract with the association for  
32 the delivery of services and distribution of grants;

33 (a) The association shall serve as the department's agent in  
34 carrying out the purpose and service delivery requirements of this  
35 section;

1 (b) The association's contract with the department shall specify  
2 that in administering the funds provided for under subsections (3),  
3 (7), and (8) of this section, the association may use no greater than  
4 ten percent of the funds to cover administrative expenses;

5 (2) Shall provide funds for capacity building for the statewide  
6 microenterprise association and microenterprise development  
7 organizations throughout the state;

8 (3) Shall provide grants to microenterprise development  
9 organizations for the delivery of training and technical assistance  
10 services;

11 (4) Shall identify and facilitate the availability of state,  
12 federal, and private sources of funds which may enhance microenterprise  
13 development in the state;

14 (5) Shall develop with the statewide microenterprise association  
15 criteria for the distribution of grants to microenterprise development  
16 organizations. Such criteria may include:

17 (a) The geographic representation of all regions of the state,  
18 including both urban and rural communities;

19 (b) The ability of the microenterprise development organization to  
20 provide business development services in low-income communities;

21 (c) The scope of services offered by a microenterprise development  
22 organization and their efficiency in delivery of such services;

23 (d) The ability of the microenterprise development organization to  
24 monitor the progress of its customers and identify technical and  
25 financial assistance needs;

26 (e) The ability of the microenterprise development organization to  
27 work with other organizations, public entities, and financial  
28 institutions to meet the technical and financial assistance needs of  
29 its customers;

30 (f) The sufficiency of operating funds for the microenterprise  
31 development organization; and

32 (g) Such other criteria as agreed by the department and the  
33 association;

34 (6) Shall require the statewide microenterprise association and any  
35 microenterprise development organization receiving funds through the  
36 microenterprise development program to raise and contribute to the  
37 effort funded by the microenterprise development program an amount  
38 equal to twenty-five percent of the microenterprise development program

1 funds received. Such matching funds may come from private foundations,  
2 federal or local sources, financial institutions, or any other source  
3 other than funds appropriated from the legislature;

4 (7) May provide loans to local microenterprise revolving loan funds  
5 to make microloans exclusively to low-income microentrepreneurs;

6 (8) May provide loans to a guarantee fund from which local  
7 microenterprise development organizations may guarantee loans made by  
8 financial institutions to microenterprises. The guarantee fund may be  
9 operated by the statewide microenterprise association or any other  
10 private or public entity which the department determines has the  
11 requisite expertise;

12 (9) Shall require an annual accounting and report from the  
13 statewide microenterprise association it contracts with, to include  
14 such outcome measures as the department specifies; and

15 (10) May adopt rules as necessary to implement this section.

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